

CONDENSED LICENSING RULES TRANSFER APPLICATION

WAC 230-04-020 CERTIFICATION PROCEDURE – GENERAL REQUIREMENTS – MANDATORY TRAINING REQUIRED. Applicants for license from the commission shall submit all applications, including the proper fee, as established by WAC 230-04-202, 230-04-203 or 230-04-204 to the administrative office of the commission in Lacey. The application process is as follows:

(1) The application shall be made using a form provided by the commission. The application form must be completed in every respect, containing all the information and attachments requested;

(2) The application shall be signed under oath by an individual attesting that the information set forth in the application and any accompanying materials is true, accurate and complete and that they assume full responsibility for the fair and lawful operation of all licensed activities that the applicant conducts. The following person(s) shall sign the application:

(a) The highest ranking officer/official of a charitable, nonprofit or profit seeking corporation;

(b) The principal owner of a sole proprietorship;

(c) All partners of a partnership or general partner of a limited partnership; and

(d) The mayor or the mayor's designated representative if the application is being submitted by or on behalf of an incorporated city or town.

(e) The director may also require the following persons to sign the application:

(i) The chairman of the board of directors or trustees;

(ii) The person in charge of financial records; and/or

(iii) Persons with a substantial interest in the applicant business or charitable/nonprofit organization.

(3) The commission will consider only those applications that have been fully completed. Failure to respond to written notification of an incomplete application, within twenty days of such notice, shall be cause for administrative closure of the application. The following reasons will cause an application to be incomplete:

(a) Failure to provide all information requested on the application form and/or attachments;

(b) Failure to provide supplemental information requested during the licensing investigation;

(c) Failure to attend mandatory precertification training;

(d) Failure to provide fingerprints or samples of handwriting; and

(e) Failure to submit proper fees.

(4) The commission may disclose to the public or discuss at a public meeting all information set forth in the application and all supplemental information subject to the exemptions in chapter 42.17 RCW and other applicable laws including, but not limited to, chapter 10.97 RCW: *Provided*, That consistent with chapter 10.97 RCW, the commission may disclose conviction data of an applicant or licensee.

(5) The commission shall not issue a license until it is satisfied that the applicant is completely qualified to operate the activity for which a license is requested. Prior to issuing a license, the commission will:

(a) Conduct a review and investigation of all information available, whether submitted as a part of the application or

otherwise obtained, to the degree deemed necessary to attest to the qualification of the applicant and the gambling premises; and

(b) Require all persons who sign the application, as set out in subsection (2) of this section, plus the manager or other designated person(s) responsible for conducting the gambling activity or completing records, to complete a training course as established and provided by the commission: *Provided*, That mandatory training shall not be required for manufacturers; manufacturers representatives; or applicants or licensees with special circumstances as approved by the director. Mandatory training shall be completed within the following time lines:

(i) New applicants – Within sixty days of application and prior to being granted a license: *Provided*, That cardroom employees and bingo managers must attend training no later than thirty days after the first day of work;

(ii) Annual recertification – no later than sixty days after the effective date of the license: *Provided*, That only those person(s), as set out in subsection (2) of this section, which are newly designated to sign the application since the last license application shall be required to attend training if they have not attended within the previous three years; and

(iii) Changes to managers or other designated persons responsible for conducting gambling activities or completing records – no later than sixty days after the first day of work.

WAC 230-04-022 CERTIFICATION PROCEDURE – INFORMATION REQUIRED FROM ALL APPLICANTS. In addition to other information required by the commission, each applicant shall provide the following information on or attached to the application:

Articles of incorporation and bylaws.

(1) Copy of corporate applicants' articles of incorporation and bylaws; or, if not a corporation, a copy of any bylaws and other documents which set out the organizational structure and purposes of the organization;

IRS tax exemption letter.

(2) A copy of a nonprofit or charitable applicant's Internal Revenue Service tax exemption letter if one has been obtained;

Lease or rental agreements.

(3) Details and copies of all lease or rental arrangements, whether oral or written, between the applicant and the owner of premises upon which the gambling activity will be conducted, if such premises are leased or rented;

Franchise agreements.

(4) Details and copies of any and all franchise agreements or other agreements, whether written or oral, if any, between the applicant and distributors or manufacturers of equipment or between the applicant and any other person where those agreements relate to gambling activities or gambling equipment;

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Management agreements.

(5) Details and copies of all proposed management agreements or contracts between the applicant and any gambling service supplier involved in providing services defined in WAC 230-02-205. All such agreements or contracts shall be reviewed by commission staff prior to the effective dates of the agreements to assure compliance with this title. No financing or management services shall be provided prior to commission approval of the contracts;

Paid employees or agents.

(6) The name, address, date of birth, and Social Security number of each paid employee or agent who will work in the activity for which the license is sought and a schedule of the proposed number of employees, job descriptions, and a proposed pay schedule;

Substantial interest holders.

(7) Sufficient personal information to ensure each substantial interest holder as defined by WAC 230-02-300 is qualified to hold a license or participate in a licensed or authorized gambling activity;

Report changes to application.

(8) If any information required on the application, changes or becomes inaccurate in any way, the commission shall be notified prior to issuance of a license. Failure to notify the commission of any changes affecting an application may constitute grounds for suspension or revocation of all licenses.

Exceptions for cities and towns.

(9) Subsections (1), (2), and (7) of this section shall not apply to applications by or on behalf of an incorporated city or town in the state of Washington.

WAC 230-04-340 TRANSFER OF LICENSES – CONDITIONS. Transfers of licenses issued by the commission shall be permitted only under the following circumstances and conditions and those set out in WAC 230-04-350, upon approval by the director or the commission. Otherwise, no transfer of any license issued by the commission shall be permitted.

(1) If the licensee is a corporation, except as provided in subsection (2) below, a change in ownership of stock shall not be deemed a transfer of a license: *Provided*, That any change in the ownership of any stock in such corporation which results in any person or organization becoming the owner of a substantial interest therein who was not the owner of a substantial interest immediately preceding the transaction, or which involves ten percent or more of any class of stock, shall be reported to the commission, in writing, within ten days of the close of such transaction, together with such information concerning the person or persons receiving such stock as the director may require.

(2) Where a change in the ownership of the stock of any corporate licensee results in any person, together with any members of his or her immediate family, or results in any

organization, becoming the owner of a majority of the voting shares of that corporation who or which had not held a substantial interest in the corporation immediately prior to the change in ownership, gambling licenses held by that corporation shall immediately terminate and be void. In such cases a new license must be obtained from the commission prior to the operation of any gambling activity requiring a license.

(3) Licenses issued to other than bona fide charitable or bona fide nonprofit organizations may be transferred to a business entity wholly owned by the same person or persons who owned the business entity to which the license was originally issued, or by their spouses or children under the age of eighteen and residing at the family home or by others possessing less than a substantial interest in the business to which the license transfer is sought, but only when the licensed activity will be conducted on the same premises as that for which the license was issued.

(4) Transfers will not be permitted when any person owning or holding a substantial interest in any of the entities to which transfer is sought is not qualified to hold a gambling license.

(5) The license or licenses of any corporation in which a person holds or acquires a substantial interest will be revoked when such person is not qualified to hold a gambling license.

(6) The fee for transfer of the license under this rule shall be as required by WAC 230-04-202.

WAC 230-04-350 DEATH OR INCAPACITY OF LICENSEE. In the event of the proven incapacity, death, receivership, bankruptcy or assignment for benefit of creditors of any licensee, upon approval of the director or commission the license may be transferred to a court appointed or court confirmed guardian, executor or administrator, receiver, trustee, or assignee for the benefit of creditors, who may continue to operate the activity under the license, subject to the provisions of chapter 9.46 RCW and the commission's rules.

The person to whom a license is transferred hereunder must be otherwise qualified to hold a gambling license.

The license following transfer shall be subject to regular renewal based upon its original expiration date and shall be void upon that person ceasing to hold such a court appointed, or court confirmed, position.

The fee for transfer of the license under this rule shall be as required by WAC 230-04-202 or 230-04-203.

WAC 230-12-305 Licensee required to submit updated documents or information. In addition to any other requirements set forth in these rules, persons licensed by the commission shall submit any new or updated documents or information including, but not limited to, the following:

(1) Articles of incorporation or by laws, or any other documents which set out the organizational structure and purposes;

(2) Internal Revenue Service tax exemption status (charitable/nonprofit organizations only);

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(3) All contracts and agreements, whether oral or written which relate to gambling activities or alter the organizational structure of the licensee or its business activities in Washington state; and

(4) All cash or asset contributions, draws from lines of credit, and loans, from other than recognized financial institutions, which individually or collectively exceed a total of ten thousand dollars during any calendar year: Provided, That cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

Submission timeline.

(5) The new or updated documents and/or information shall be submitted to the commission by notation on the next quarterly activity report filed, and by attaching all details concerning each transaction: Provided, That licensees not required to submit quarterly activity reports shall submit the required information no later than sixty days following the transaction(s) date.

WAC 230-12-310 LICENSEES TO REPORT TO THE COMMISSION CIVIL, CRIMINAL AND ADMINISTRATIVE ACTIONS FILED AGAINST THEM. (1) Each licensee shall report to the commission within fourteen days, all criminal actions filed against the licensee or the licensee's president, chief executive officer, chairman of the board, treasurer (chief financial officer), partner, person holding a substantial interest or manager of the licensed gambling activity. The final disposition of the case must be attached with the next quarterly activity report filed with the commission. Organizations not required to submit quarterly activity reports shall send the report to the commission within thirty days after the final disposition.

(2) Each licensee shall report to the commission civil and administrative actions filed by or against persons listed in subsection (1) of this section that involve ownership or control of the business, dissolutions, actions significantly affecting business interests, such as patent or copyright infringement and all administrative actions from other gambling regulatory agencies, including those from other countries and Indian tribes. This report shall be attached to the next quarterly activity report filed with the commission. Organizations not required to submit quarterly reports shall send the report to the commission within thirty days of their receipt of notice of the action filed and within thirty days after the final disposition.

(3) The report shall consist of a complete copy of the original documents filed. The licensee shall notify the commission of the final disposition of the case and include a copy of the final documents filed including, but not limited to, settlement agreements.

(4) The director may exempt reporting specific types of civil actions upon written request and for good cause shown.